

## EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The City of San Diego is faced with a substantial infrastructure challenge. Decades of neglect have left the City with deteriorated streets, uplifted sidewalks, aging park equipment, and run-down public facilities. In 2013, under the leadership of Council President Todd Gloria, the Infrastructure Committee was formed to address the challenge of fixing San Diego's broken infrastructure, and has been Chaired by Councilmember Mark Kersey since its inception.

Under the Infrastructure Committee's direction, many major milestones towards rebuilding San Diego have been reached. These include the unanimous support and adoption of the CIP Prioritization Policy and the Neighborhood Input Policy on Infrastructure Needs, the completion of multiple asset condition assessments including the City's first-ever Sidewalk Condition Assessment, the passage of a 120 million dollar Infrastructure Bond, and the creation of the City's Multi-Year Capital Plan of infrastructure investment – which projects a 1.4 billion dollar backlog of unfunded infrastructure need over the next five years.

The City Council and the Mayor's Office have been united on making infrastructure investment a priority. Mayor Kevin Faulconer dedicated half of all new general fund growth towards infrastructure over the last two years, and has committed to continuing this practice over the next five years. Concurrently, the City Council and Mayor's Office have also approved several streamlining measures that will reduce time and costs associated with infrastructure projects. These efficiencies are already expected to save taxpayers millions of dollars annually.

As the City continues to make good on its promise to rebuild San Diego, it is important to make sure the momentum and focus on infrastructure doesn't wane. Thereupon, Councilmember Kersey is proposing, via Charter Amendment, to create a dedicated stream of revenue specifically for infrastructure investment over the next thirty years.

This dedicated stream of revenue will be strict enough to ensure a sustained, long-term commitment to infrastructure, flexible enough to not overburden other City services, and practical enough to be utilized by future policymakers in an effective and meaningful way. Additionally, with a dedicated revenue stream, our City will be able to better plan and execute infrastructure projects with increased confidence.

The measure proposed will enact the following:

1. Requires half of all new Major General Fund revenue growth to be committed to infrastructure investment over the next 10 years.
2. Dedicates all General Fund Sales Tax Increment above a FY 2016 Sales Tax baseline, including any new state or local non-specific revenue measures, into infrastructure programs and projects. The baseline will be allowed to grow on an annual basis to avoid overburdening other city services.

3. Dedicates 100% of all net pension payment savings (the ADC/ARC) over the next 30 years to infrastructure programs and projects.

These revenue streams were selected specifically because of their volatile and variable nature, and are more appropriate to spend on infrastructure projects and one-time costs than ongoing programmatic expenses.

Over the life of the proposed measure, it is expected these proposals will commit up to 5 billion dollars specifically for infrastructure investment, will advance the quality of our streets, sidewalks, and public facilities, and prevent future leaders from neglecting infrastructure needs.